

PRICING POLICY

This Agency's pricing policy for that materiel which will subsequently be charged to requesting components is based on the accountability criteria established within the General Accounting Office's (GAO) Policy and Procedure Manual, subsection 12.5.

The key guidelines are as follows:

a. The basis of accounting for property is cost to the agency responsible for its management.

b. Property transferred between Federal agencies on a nonreimbursable basis, i.e., excess materiel, shall be accounted for by the receiving agency on the basis of estimated useful value for its operations.

c. "Where incurred costs are not measurable, not known, or not significant, ^{reasonable} ~~reassurable~~ estimates or alternative basis may be used."

In responding to the specific questions raised, it must be noted that the intent of guidelines b and c above is to extend to the receiving agency the authority to "estimate" the value of certain items at the time of receipt.

On the receipt of excess or captured enemy materiel (CEM), dollar accountability is established by computing the total cost incurred to pack, ship, repair, or modify the lot of materiel received. The dollar cost then developed becomes the accountable value and the amount which will be charged to the requesting component. That value is not changed until identical items costing ten percent (more or less) are brought into the system. At that time, an appropriate adjustment in the value is made.

A quantity of some items now in stock, [REDACTED] were acquired many years ago from Department of Defense excess stocks and make up part of our contingency stockpile. Those items continue to be carried at the value, which may have been considered high at that time, established when originally received, but are now far below the current manufacturer's cost to produce. However, U.S. Government accountable and pricing values are not based on the weekly or yearly fluctuations of the commercial market value--a costly, if not impossible system to administer--but wisely established by the GAO on the basis of cost at the time of receipt.

☐ UNCLASSIFIED ☐ INTERNAL ☐ CONFIDENTIAL ☐ SECRET

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Chief, Supply Division, OL
1106 Ames Building

EXTENSION

3442

NO.

DATE

21 NOV 1975

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Associate DD/A
7D18 Hqs.

21 NOV 1975

2

2.

DDA (info)

21 NOV 1975

7

3.

ADD/A

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15.

The attached forwarded per our telephone conversation. I have made no reference on the attached to the 5 percent surcharge which we add to the cost of the material to cover inventory losses caused by shortages/damages incident to shipment, testing, and obsolescence. Although that portion of our pricing policy is valid, I sense that the Committee would only open up unnecessary discussions on that matter.

25X1A